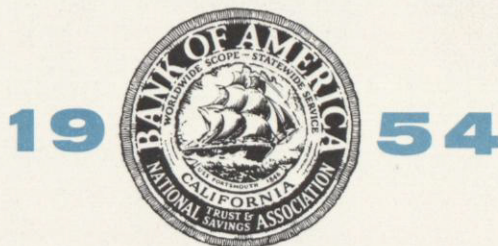




Annual Report



Our 50th Year

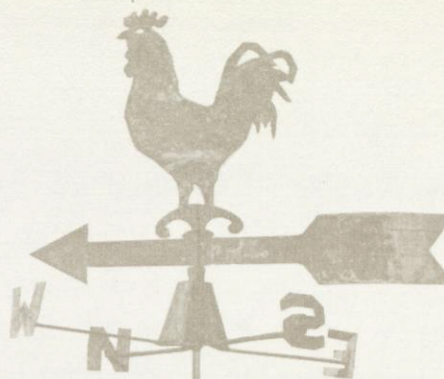


FOUNDER'S CREED

"It is my wish that
Bank of America serve all the
people . . . promote all worthy enterprises . . .
be watchful always of the interest of its shareholders
. . . provide opportunity and permanence
for Bankamericans who devote their lives to
building it . . . and maintain the greatest
possible usefulness to California
and the nation."

. . . A. P. GIANNINI

Report to the Stockholders for the Year 1954



San Francisco, California
January 11, 1955

Our bank opened its doors to business for the first time in October of 1904. Its statement of condition issued at the end of that year showed total resources of \$285,437. In the bank's fiftieth anniversary year total resources rose above the 9-billion dollar mark. This striking contrast in figures seems to express the soundness of the ideas and ideals that form our foundation. And so, today we pay tribute once more to the genius of our founder, A. P. Giannini, and to that other great builder, L. M. Giannini, for envisioning banking as a great service institution, for their help in bringing the bank's purpose into such rich reality, and for their undying inspiration to all of us.

California and the West have long since outgrown the characteristics of an outpost to become one of the nation's principal areas of growth and productive accomplishment. Both symbol and evidence of this winning of the West is the emergence of a neighborhood bank into the present institution with major interests statewide, nationwide and worldwide.

The bank's first fifty years were climaxed with records for 1954 such as these:

- Resources grew \$661,593,568 to the total figure of \$9,163,355,289. Combined resources of the bank and its wholly-owned subsidiary, Bank of America (International), were \$9,351,761,624 at December 31, 1954.
- Deposits gained \$526,334,655, the year-end total being \$8,270,534,751.
- Loans and investments, our principal earning assets, recorded a year's growth of \$634,385,156; such assets totaled \$7,314,704,512 last December 31.
- Net profits set a new high mark, increasing \$8,171,308 over the previous year to the total of \$63,632,925. This amounts to \$2.65 a share on 24,000,000 shares, compared with \$2.31 a share in 1953.
- Capital funds together with Reserve for Possible Loan Losses increased \$31,523,876 during the year to the total of \$529,215,146.
- As measures of service performed, the number of deposit accounts exceeded 5,656,000, and approximately 2,190,000 individual loans were made during the year.



Current operating earnings for 1954 totaled \$320,764,078, against \$307,912,226 for 1953. Among current operating expenses, increases occurred in the amount of interest paid to savings depositors, in salaries to employees, and in other expenses. There was a small reduction in tax requirements but notwithstanding this fact our provisions for Federal income and state franchise taxes consumed \$60,574,513 of earnings in 1954. These tax requirements were equal to \$2.52 a share of stock outstanding.

After providing for expenses, taxes and assessments, there remained \$73,632,925 as net current operating earnings for 1954, against \$67,961,617 for 1953. Transfers to Reserve for Possible Loan Losses amounted to \$10,000,000, as compared with \$12,500,000 the year before. This left \$63,632,925 as net profits for 1954, in comparison with \$55,461,617 for 1953.

Cash dividends of \$1.60 a share, totaling \$38,400,000, were distributed in quarterly payments during 1954. More than 200,000 registered stockholders participated in the distributions. This large family of stockholders is a fruitful source for business from which the earnings of the bank are derived. The assistance of stockholders in building business is evident throughout, in the securing of deposits, in the building of loan volume, and in the individual and corporate business handled in our trust and international banking departments.

Capital funds totaled \$466,596,688 at the end of 1954, in comparison with \$441,363,763 the year before. Undivided profits were increased from \$86,267,820 to \$111,140,888, and contingency reserves from \$5,095,943 to \$5,455,800. The capital and surplus accounts remained unchanged at \$150,000,000 and \$200,000,000 respectively.

Reserve for Possible Loan Losses, a free reserve in that it is not allocated to any particular loans or type of loans, was increased from \$56,327,508 at December 31, 1953, to \$62,618,458 at December 31, 1954, the latter figure giving effect to the year's addition from earnings, to credits for recoveries, and to charges for loan losses.

Growth in deposits included a year's gain of \$181,161,252 in demand deposits, which totaled \$4,192,260,318 on December 31, 1954. This total includes the working funds of small businessmen and large corporations; it includes the checking accounts of farmers and fishermen, professional people, stenographers and students, housewives and family breadwinners; it includes deposits of other banks, and of eastern corporations with interests in California; it includes deposits of the United States Treasury, many foreign governments, the State of California and each of the state's 58 counties.

The ability and determination of California people to save money was demonstrated last

Comparative Summary of Earnings

| Current Operating Earnings: | 1954 | 1953 |
|---|----------------------|----------------------|
| Interest on loans | \$204,267,572 | \$221,569,463 |
| Interest and dividends on securities, after amortization, and net profit or loss from securities ^① | 62,872,766 | 42,825,946 |
| Other current operating earnings | <u>53,623,740</u> | <u>43,516,817</u> |
| | \$320,764,078 | \$307,912,226 |
| Current Operating Expenses: | | |
| Interest paid | \$ 64,822,742 | \$ 60,377,948 |
| Salaries and wages (including employees' bonus and participation in profit-sharing plan) ^② | 82,549,047 | 80,682,433 |
| Provision for taxes and assessments | 66,728,113 | 68,022,928 |
| Other current operating expenses | <u>33,031,251</u> | <u>30,867,300</u> |
| | \$247,131,153 | \$239,950,609 |
| Net Current Operating Earnings | \$ 73,632,925 | \$ 67,961,617 |
| Addition to Reserve for Possible Loan Losses | <u>10,000,000</u> | <u>12,500,000</u> |
| Net Profits | <u>\$ 63,632,925</u> | <u>\$ 55,461,617</u> |
| Dividends Paid | \$ 38,400,000 | \$ 38,400,000 |
| Addition to Capital Funds from Current Earnings | <u>25,232,925</u> | <u>17,061,617</u> |
| | <u>\$ 63,632,925</u> | <u>\$ 55,461,617</u> |

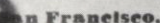
① Net profits of \$7,215,163 in 1954, and net losses of \$7,502,447 in 1953.

② Employees' bonus and participation in profit-sharing plan amounted to \$7,848,651 in 1954 and \$7,688,509 in 1953.

year by an increase of \$345,173,403 in our savings and time deposits. This class of deposit, growing at the rate of more than a million dollars each banking day, reached the total of \$4,078,274,433. These four billions include rainy day funds, retirement funds and life savings of hosts of provident people, and the budding balances of school children now learning their first lessons in thrift.

In the field of systematic saving, the 1954 Christmas Club secured 71,000 members more than it had in 1953, and gained approximately \$6,750,000 in deposits. The year-end distribution of about \$48,000,000 was shared by over 400,000 club members. Last year some 112,000 California school children joined the ranks of savers, and now considerably more than 835,000 of them have savings accounts with us. School savings has been a feature in our bank since 1911.

Our anniversary business-building programs, in which all employees participated, were designed to reach all classes of depositors—and succeeded well in this objective.



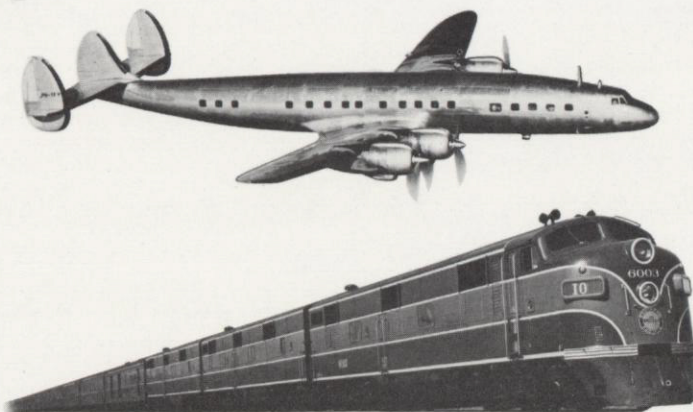
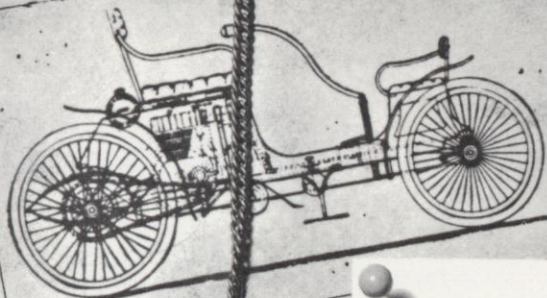
Jan. 15, 1904

Trains run Daily.

*Telegraph Offices. †Meals

San Francisco to Colfa

| Atlantic Express. | | Miles | Trains Run Daily. | Telegraph Offices. | Elev. | Pacific Express. | Fast Express. | Col |
|-------------------|-----|-------|-------------------|--------------------|-------|------------------|---------------|------|
| 00 a m | 0 | | San Francisco | 0 | 0 | 9 45 a m | 8 45 p m | |
| 10 | 4 | | Oakland Pier | 4 | 4 | 9 10 | 8 13 | |
| 20 | 8 | | Oakland | 8 | 9 | 9 04 | 8 07 | |
| 30 | 12 | | Stock Yards | 12 | 17 | | | |
| 40 | 16 | | Stock Yards | 16 | 23 | | | |
| 50 | 20 | | Stock Yards | 20 | 30 | | | |
| 60 | 24 | | Stock Yards | 24 | | | | |
| 70 | 28 | | Stock Yards | 28 | 10 | | | |
| 80 | 32 | | Stock Yards | 32 | | | | |
| 90 | 36 | | Stock Yards | 36 | 12 | 8 26 | | |
| 100 | 40 | | Stock Yards | 40 | 12 | 8 20 | 7 23 | |
| 110 | 44 | | Stock Yards | 44 | 10 | 7 55 | 7 00 | |
| 120 | 48 | | Stock Yards | 48 | 11 | 7 48 | | |
| 130 | 52 | | Stock Yards | 52 | 11 | 7 40 | | |
| 140 | 56 | | Stock Yards | 56 | 11 | 7 18 | 6 24 | |
| 150 | 60 | | Stock Yards | 60 | 73 | 6 55 | 6 03 | |
| 160 | 64 | | Stock Yards | 64 | 67 | | | |
| 170 | 68 | | Stock Yards | 68 | 66 | | 5 48 | |
| 180 | 72 | | Stock Yards | 72 | 61 | | | |
| 190 | 76 | | Stock Yards | 76 | 53 | 6 25 | 5 34 | |
| 200 | 80 | | Stock Yards | 80 | 50 | 5 55 a m | 5 10 p m | |
| 210 | 84 | | Stock Yards | 84 | 30 | 5 40 a m | 4 50 p m | 9 4 |
| 220 | 88 | | Stock Yards | 88 | 49 | | 4 33 | |
| 230 | 92 | | Stock Yards | 92 | | | 4 30 | |
| 240 | 96 | | Stock Yards | 96 | 55 | | 4 20 | |
| 250 | 100 | | Stock Yards | 100 | 162 | 5 00 | 4 08 | 9 0 |
| 260 | 104 | | Stock Yards | 104 | 163 | 4 45 | 3 55 | 8 50 |
| 270 | 108 | | Stock Yards | 108 | 249 | 4 39 | 3 48 | 8 50 |



Including the little and the big, there are now about 5,656,000 deposit accounts in our bank, consisting of 3,716,000 savings and time accounts of various classes, and 1,940,000 commercial and Tenplan checking accounts. According to recent calculations, the average savings balance in our California branches is \$894, and the average checking balance is \$1,515, both exclusive of public funds.

The nearly equal division of our deposits between demand and savings, over four billions in each classification, permits us to diversify our loans and investments between long, intermediate and short term commitments. This has direct bearing on the breadth of our service as well as on our earning power. The reservoir of demand deposits enables us to take care of short term borrowing requirements and invest in short term securities. The savings reservoir permits us to make home loans, term capital loans, other types of loans which are woven into the fibre of our economy, and to invest in securities of longer maturities yielding a higher income.

Bank credit was employed on a large scale during 1954, loan totals being only slightly lower than the records attained in 1952 and 1953. Within the period of 12 months through November 1954, our bank made over two million individual loans in the aggregate amount of nearly six billion dollars.

Commercial, industrial and agricultural loans made use of over \$3,500,000,000, and in these classifications we made more than 373,000 loans. Over 1,760,000 loans were made in Timeplan and other instalment credit classifications, retail and wholesale. In this general category, loans totaling nearly \$2,000,000,000 were made during the year. This includes financing dealer flooring and retail purchases of automobiles, household equipment, farm tractors and other equipment; accounts receivable and indirect collections; and loans for modernization of homes, operation of small businesses, and other purposes. Close to half a billion dollars was loaned on real estate, mostly for home purchases, and in this group about 57,000 borrowers were accommodated.

Repayments on real estate loans and Timeplan loans exceeded \$2,600,000,000 in 1954. These funds, along with those derived from liquidation of short term commercial loans, furnish a vast reservoir of credit capital, independent of that provided by the increase of deposits. Payments on loans during 1954 were such as to bring about a small reduction in the amount of loans outstanding at the year-end. The closing figure of \$4,043,312,145 compares with

Naturally, in this 50th year we are reflecting on the past while living in the present and preparing for the future. In our illustrations, all of you will recognize the California of today; many of you will remember, possibly with a twinge of nostalgia, some of the past. Each of you will have his own idea as to what things will look like 10, 20 or 50 years from now. Nothing will surprise us, and nothing, we hope, will find us unprepared for future changes and developments.

\$4,148,713,734 for 1953. The current total includes loans guaranteed or insured by the United States Government or its agencies in the amount of \$1,230,573,393.

Having in mind the continuing sturdy growth of California, the business outlook for the country generally, progress toward stabilization in prices, prospects for still greater price stability, and the general improvement in world conditions, we believe that there will be an expanding use of bank credit in the current year.

Investments in securities, totaling \$3,271,392,367 at December 31, 1954, showed an increase of \$739,786,746 for the year. This increase resulted from the growth in deposits, a mid-year decrease in reserve requirements, and the release of funds employed in loans. Most of the increase in investments occurred in the United States Government bond account.

Lengthening of maturities in our government bond account represented a change of investment policy which reflected the stabilization of our loan volume and the upward trend in savings deposits. It, quite naturally, also was in sympathy with the Treasury Department's effort to extend the average maturity of the Federal debt.

The average maturity of our holdings of United States Government securities and securities guaranteed by the government is now about 4 years 6 months, as compared with 2 years 5 months at the end of 1953. At December 31, 1954, we held \$1,234,670,000 par value of United States Government securities and securities guaranteed by the government maturing within five years, and \$900,794,500 maturing in from five to ten years.



Our policy of assisting in the financing of California's needed public improvements resulted in some increase in our municipal bond account. However, there was a slight reduction in the average maturity of these holdings.

Although our Trust Department, compared with that of other banks, has been in existence a relatively short time, it has nevertheless grown to be one of the largest in the country. Many thousands of persons who use its services are located in practically every state of the union and in many foreign countries.

From the time our Trust Department was established, every effort has been made to extend its usefulness to every part of California, and to all, regardless of the size of their estates. The adoption of our Diversified Common Trust Fund seven years ago was a step designed to give to small and medium-sized estates and trusts the advantages of diversification formerly possible only in a large trust. Further extension is in prospect with plans for broadening the usefulness and popularizing the Living Trust. With such a trust, established to manage property, many personal and family objectives are attainable. Investment Management is another trust service of comparatively recent origin, growing in popularity, benefiting the increasing number of security owners.

One of the best examples of the broadening of trust services is in connection with the planning and administration of pension, profit-sharing and other employee benefit plans. In this field, trust service is extended to the employees of businesses of all sizes and types. This type of trust is particularly desirable in that not only does our Trust Department grow with the increasing number of accounts, but each account increases automatically as annual deposits are made into the fund.

Unusual activity in the security markets during 1954 also resulted in a great increase in our trust service to corporations. Not only was there an extraordinary activity in our functions as transfer agent and registrar of corporate stock, but also in our management of periodic payment plans for mutual investment companies.

Our Trust Department is well equipped to be of extra personal service to our stockholders and those who desire consultation and advice regarding their investments and estate affairs.

On the international front, the trend towards normalcy continued with marked progress in the gradual relaxation of trade barriers and exchange restrictions, thus improving the prospects for expansion of multilateral commerce and convertibility of currencies. The importance of foreign investments to assist underdeveloped countries is being increasingly recognized by

Bank of NATIONAL TRUST & SAVINGS

Statement of Condition

RESOURCES

| | |
|---|---------------------------|
| Cash and due from banks | \$1,456,524,519.87 |
| United States Government securities and securities guaranteed by the Government | \$2,414,191,925.87 |
| Federal agency securities | 167,123,060.20 |
| State, county, and municipal securities | 565,439,454.38 |
| Other securities | 114,137,926.86 |
| Stock in Federal Reserve Bank | 10,500,000.00 |
| TOTAL SECURITIES | 3,271,392,367.31 |
| Loans guaranteed or insured by the United States Government or its agencies | \$1,230,573,393.30 |
| Other loans to customers for use in their businesses, for building, buying, or modernizing their homes, for financing automobile or household equipment purchases, etc. | 2,812,738,751.23 |
| TOTAL LOANS AND DISCOUNTS | 4,043,312,144.53 |
| Interest due on bonds and loans, and accounts receivable | 38,266,946.53 |
| Customers' liability, for letters of credit and acceptances, and on endorsed bills and notes | 275,838,505.00 |
| Bank buildings, furniture, fixtures, and safe deposit vaults, carried at cost less depreciation reserve of \$33,242,439.58 | 74,421,807.25 |
| Other real estate owned. Unoccupied bank premises and real estate acquired in the settlement of debt, carried at less than cost or at appraised value | 1,802,647.53 |
| Other resources, including automotive equipment, deferred charges, etc. | 1,796,351.47 |
| TOTAL RESOURCES | \$9,163,355,289.49 |

Member Federal Reserve System . . . Member

Bank of America (INTERNATIONAL) A wholly-owned

CONDENSED STATEMENT OF COND

RESOURCES

| | |
|---|-------------------------|
| Cash and Due from Banks | \$55,982,847.06 |
| United States Government Obligations, direct and fully guaranteed | 29,285,414.50 |
| Other Securities | 47,976.62 |
| Loans and Discounts | 56,929,157.82 |
| Accrued Interest | 234,154.75 |
| Customers' Liability on account of Letters of Credit and Acceptances, and on Endorsed Bills and Notes | 45,529,141.88 |
| Other Resources | 397,641.43 |
| TOTAL RESOURCES | \$188,406,334.06 |

COMBINED RESOURCES

BANK OF STATEMENT AT CLOSE DECEMBER 3 1904

LIABILITIES

| | |
|---------------------------------------|--------------|
| Commercial Deposits | \$ 34,832.92 |
| Savings Deposits | 69,507.85 |
| Cert. of Deposits | 29,072.50 |
| Special Deposits | 1,000.00 |
| CAPITAL | 150,000.00 |
| SURPLUS & UNDIVIDED PROFITS | 1,023.70 |
| | \$285,436.97 |

Real Estate
Collateral
Personal
Cash
Foreign
Furniture
Stocks &
Due from

n December 31, 1954

LIABILITIES

| | |
|---|----------------------------------|
| Capital. Representing the investment of over 200,000 stockholders of record | \$ 150,000,000.00 |
| Surplus. Paid in by stockholders or accumulated from earnings | 200,000,000.00 |
| Undivided profits. Profits accumulated and not distributed | 111,140,888.22 |
| Reserves. Set aside out of accumulated profits by the Board of Directors, available as a reserve, in addition to Surplus and Undivided Profits, against normal contingencies | <u>5,455,800.10</u> |
| TOTAL CAPITAL FUNDS | \$ 466,596,688.32 |
| Reserve for possible loan losses. To apply against any loan losses that may develop in the future; it has not been allocated to any particular loans or type of loans | 62,618,458.13 |
| Demand deposits. Funds placed with the bank by individuals, corporations, firms, banks, United States Government, State of California and political subdivisions thereof | <u>\$4,192,260,317.72</u> |
| Savings and time deposits. Funds placed with the bank in savings accounts or for extended periods of time by individuals, corporations, firms, banks, United States Government, State of California and political subdivisions thereof | <u>4,078,274,433.42</u> |
| TOTAL DEPOSITS | 8,270,534,751.14 |
| Liability for letters of credit and as acceptor of and endorser on acceptances, bills and notes | 278,554,052.21 |
| Reserve for interest received in advance | 30,660,665.00 |
| Reserve for interest payable on time deposits and for taxes and other expenses | 54,390,674.69 |
| TOTAL LIABILITIES | <u>\$9,163,355,289.49</u> |

Federal Deposit Insurance Corporation

—New York

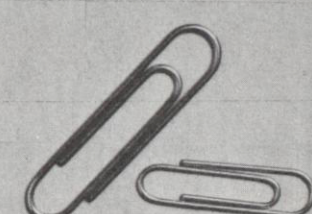
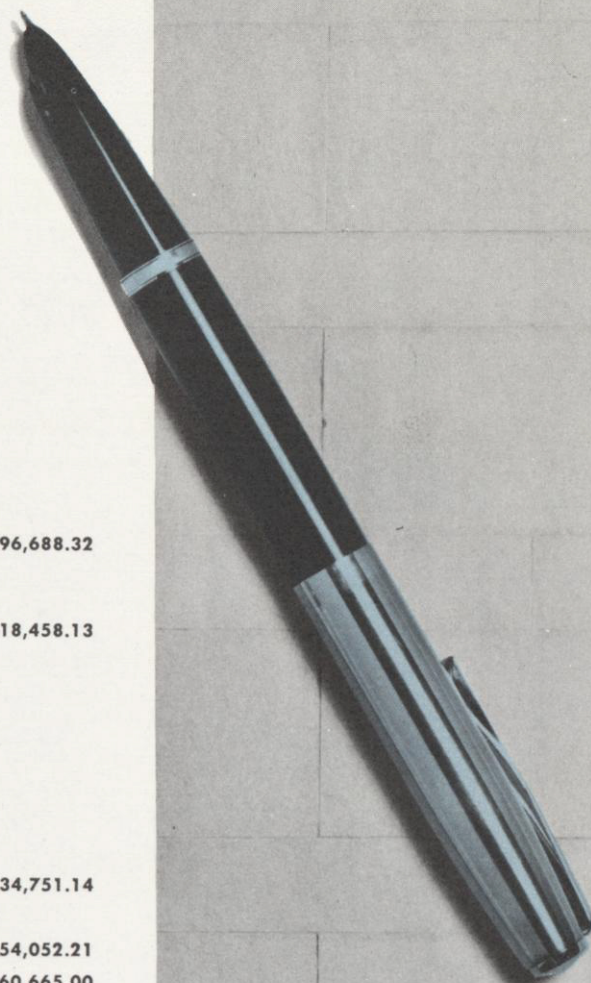
(NATL)
subsidiary

ATION DECEMBER 31, 1954

LIABILITIES

| | |
|---|--------------------------------|
| Capital | \$10,000,000.00 |
| Surplus | 3,000,000.00 |
| Undivided Profits | <u>943,555.55</u> |
| TOTAL CAPITAL FUNDS | \$ 13,943,555.55 |
| Reserve for possible Loan Losses | 807,299.64 |
| Deposits | 126,558,914.27 |
| Liability for Letters of Credit and as Acceptor of and Endorser on Acceptances, Bills, and Notes | 46,322,451.63 |
| Reserve for Interest Received in Advance | 221,628.99 |
| Reserve for Interest, Taxes, etc. | <u>552,483.98</u> |
| TOTAL LIABILITIES | <u>\$188,406,334.06</u> |

5 OVER \$9,300,000,000



ERECTED A.D. 1941
BANK OF AMERICA
NATIONAL TRUST AND SAVINGS ASSOCIATION
A. P. GIANNINI
FOUNDER

the prospective capital-importing countries, as evidenced by efforts to attract foreign capital through liberalized legislation.

The year was marked by increasing competition between the leading industrial countries in overseas markets, accentuating the need for intermediate term financing to assist American manufacturers and exporters. Recognizing the urgency of the problem, we extended substantial facilities for financing exports of capital goods.

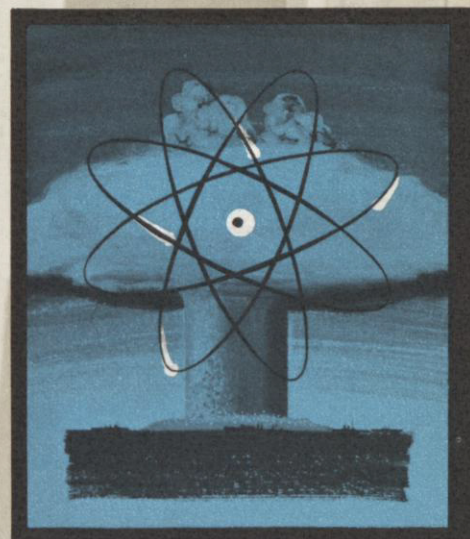
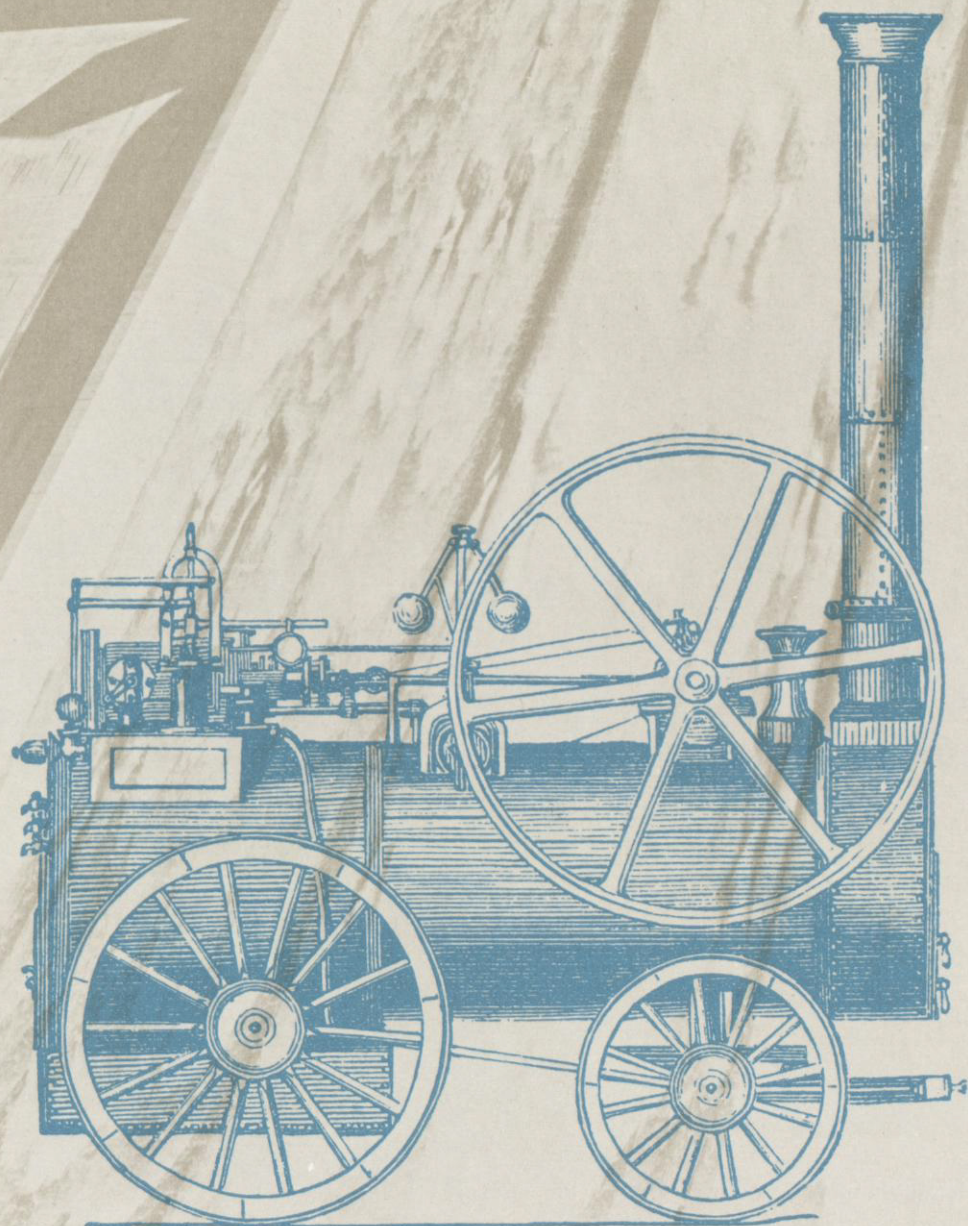
We also participated in international financing operations through the purchase of bonds of the International Bank for Reconstruction and Development and through participation in loans extended to foreign government agencies by that institution and the Export-Import Bank of Washington. In addition, we are cooperating with the latter in the implementation of its recently announced export credit plan.

With a view to expanding the services available to our customers and overseas correspondents, we have made arrangements to establish a new branch office in Singapore to supplement the network of our Far Eastern branches. The new office will operate as a branch of our wholly-owned subsidiary, Bank of America (International), New York, and is expected to be open for business in the early part of this year.

Permits were granted during 1954 for the opening of 17 new branches in California. Six new branches were opened and others authorized will be opened this year. During 1954 two branches were consolidated into one. Our statewide system now consists of 548 branches and 30 military banking facilities which we operate for the convenience of the armed forces. The newly established California branches are in Stockton, Santa Fe Springs, Bakersfield, Cambrian Park, Pleasant Hill, and Riverside. Two additional overseas military banking facilities were opened in 1954, both in Japan. We and our wholly-owned subsidiary now operate an overseas banking organization of 10 branches and 11 military facilities, and maintain offices in New York, Washington, and several foreign cities.

During 1954 we continued expansion and improvement of our banking premises throughout the state, completing 30 new buildings, 44 major jobs of remodeling, expansion and maintenance, and purchasing 40 sites for future buildings and parking lots. In the postwar period, 1946-1954, we have completed 443 major building projects.

The future of our bank is so closely tied to the future of California that we have a real stake in what happens in our California communities. In common with all other business institutions, we are expected to do a certain basic minimum of things to carry our share of civic, welfare,



and community development efforts. But our own long-range interest dictates that we go beyond this minimum and do everything we reasonably can toward keeping California a good place in which to live and work—to support the community activities that make for better living and create a wholesome civic climate for California's further development.

The range of activities in which the bank and its officers have engaged is as varied as the infinite variety of California living itself. It covers everything from the industrial development efforts of chambers of commerce to the cultural programs of symphony and art associations, but with a heavy accent on youth activities—4-H Clubs, Future Farmers, Junior Achievement, Boy Scouts and the others—as representing the very best investment in California's future.

This is one way in which we can help to replenish the soil of California in which we have our roots.

Now . . . a word regarding the people who did the year's work and the spirit with which they are inspired. From our beginning, fifty years ago, we have steadfastly maintained that the bank should helpfully concern itself with everyday problems of average men and women, and that if it held to that conviction there would be no limit to its growth, in usefulness or in size. In incul-



cating this view throughout the organization, and particularly among its younger members, we have the invaluable assistance of a host of old-timers. There are, in fact, 1,674 Bankamericans on the job with service records of from 25 to 49 years. Through these veterans, younger generations of Bankamericans become imbued with the ideals and ideas which have always stood us in good stead. Thus, the spirit of Bank of America is being perpetuated.

At present, 389 Bankamericans are absent from their desks on military leave. We miss them, and look forward to their return to work with us.

Among Bankamericans to reach retirement age in 1954 were President Carl F. Wente, Chairman of the Board A. J. Gock, and Assistant to the President R. P. A. Everard. These stalwarts have made deep and lasting impressions on the records of accomplishment of our bank. We shall continue to benefit from their talents through their memberships on the Board of Directors, the Advisory Council, and some of our most important committees.

To our entire business family—the directors, members of the Advisory Council and the Advisory Boards, officers and employes of every rank, and to you the stockholders—we wish to express our very great appreciation for the part all have played in making our Fiftieth a most memorable year.

From 1954 earnings before Federal income taxes, approximately \$10,000,000 was allocated to various employee benefits comprising the Family Estate Plan, including life and medical insurance, the retirement plan, the Christmas cash payment, and a number of other benefits in which both younger and older employes participate in various ways. The Trustees of the Family Estate Plan held 607,618 shares of Bank of America stock at the end of the year.

Changes in the bank's plans for providing retirement income have been approved by the Board of Directors, after more than a year's study. These changes are designed to bring our retirement plans more nearly in line with current economic conditions and practice among major banks.

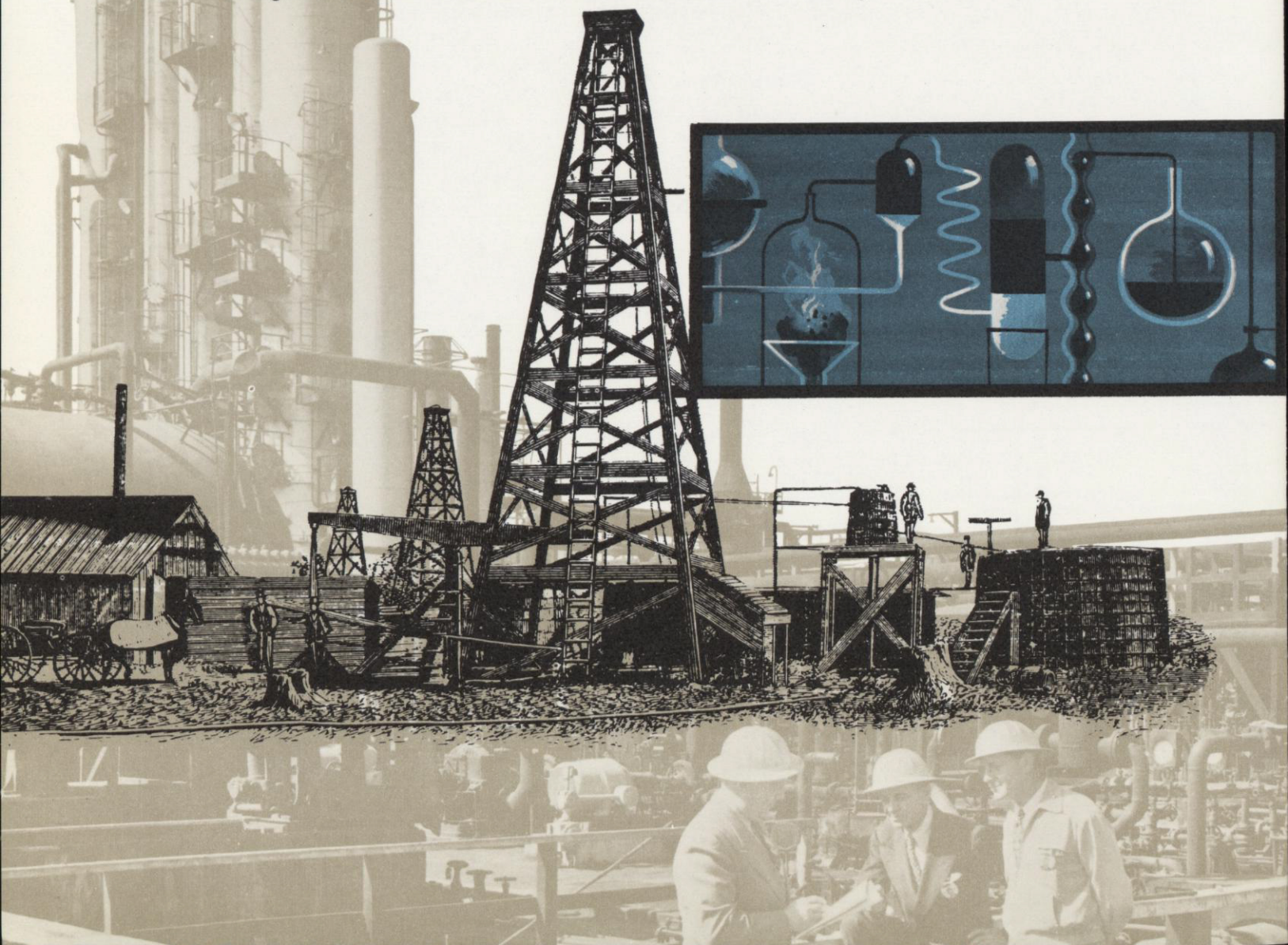
Our basic Retirement Plan, which is in the form of an insured annuity, was adopted in 1935. Bankamerican Family Estate Plan, which provides, among other benefits, for systematic accumulation of stock in the bank, was adopted in 1950. In both plans, the longer an employe works, the greater his retirement income. This system has many advantages but does not provide adequately for older employes who had completed long terms of valuable service before the retirement income plans were adopted.

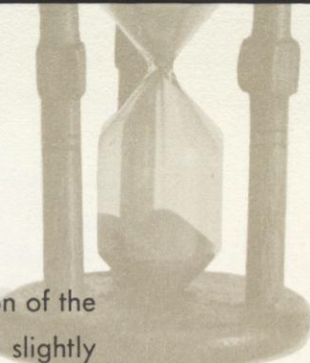
As reported to the stockholders at the time the Bankamerican Family Estate Plan went into effect, the amount of funds available for various benefits was fixed by the Board of Directors

initially at 8 per cent of the bank's annual profits before Federal income taxes. It is contemplated that an additional 1 per cent will be appropriated during the ensuing year to provide for changes now planned. Subject to approval of the Internal Revenue Service, these changes will be made effective as of January 1, 1955.

Within the lifetime of our bank the West has lost its remoteness. Barriers of distance have been eliminated. Our part of the country has achieved preeminence in its products of soil, sea and forest, and in the development of its water power, mineral and other natural resources. No longer a dependency in the world of manufactured goods, the West has itself become industrialized. And it has come of financial age.

The story of this transformation of American capitalism has been indelibly written in the ceaseless western migration of the nation's population, and in the inevitable impact of this tide of people on the map of industry and trade, on production and construction accomplishments, on employment and on the contents of pay envelopes. Here is how migration has changed the western scene in its relation to the rest of the country:






Last July, the eleven western states held approximately 14 per cent of the population of the United States, as compared with just over 5 per cent at the turn of the century, and slightly more than 10 per cent as recently as 1940. In the immediate past, between 1950 and mid-1954, over 28 per cent of the nation's increase in population occurred in these western states.

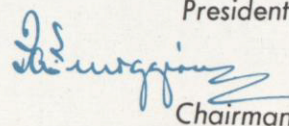
In the West as a segment of the nation, we now find about one-seventh of the income, one-fifth, more or less, of all mineral, petroleum and electric energy production, upwards of one-sixth of the output of farms, nearly one-fifth of all new construction, and one-half of the lumber production. This area has about 13 per cent of the nation's bank deposits, 16 per cent of its motor vehicles, and 10 per cent of its manufacturing.

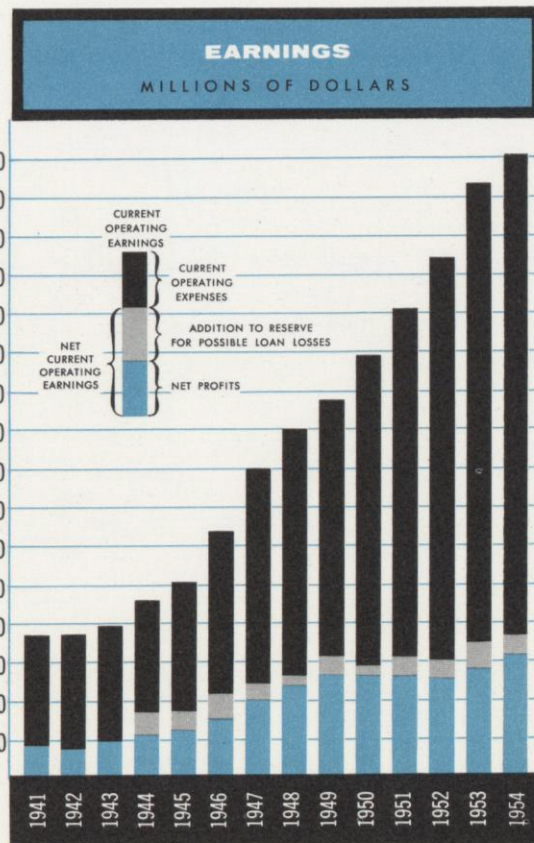
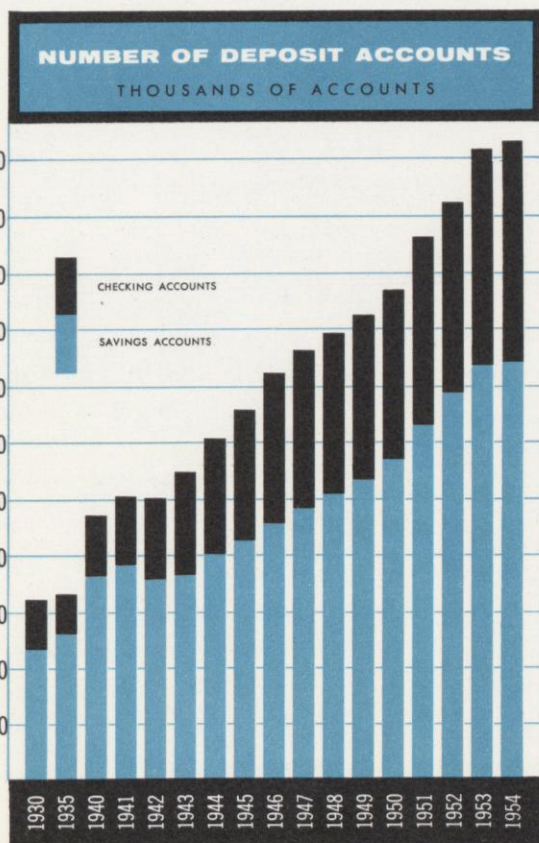
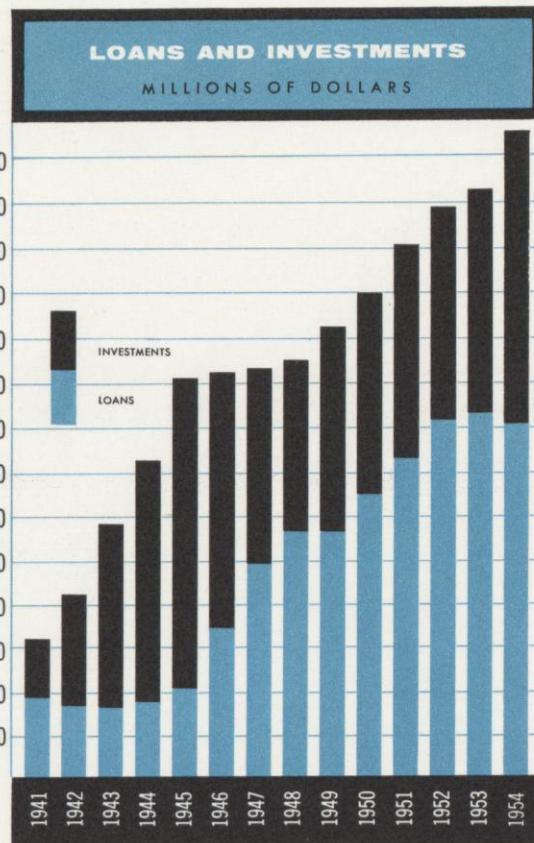
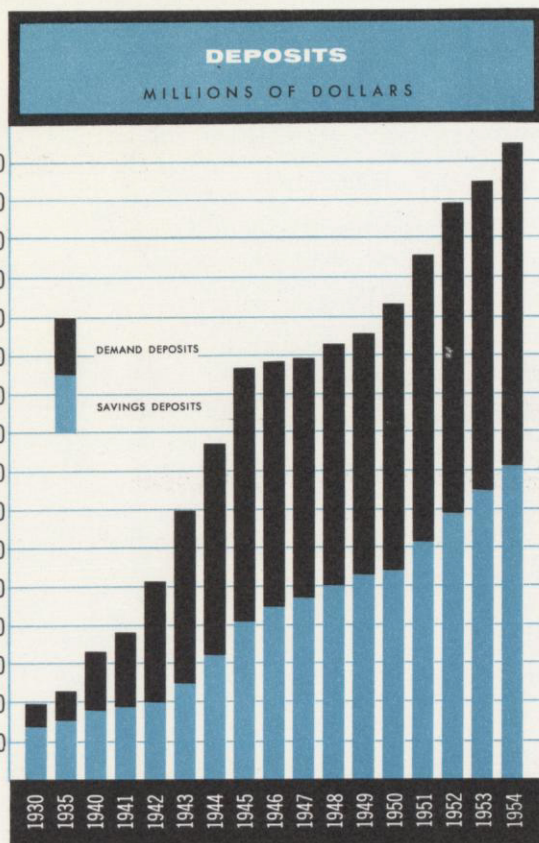
Such promotion of the industrial West has been aided and abetted by the growth of the western market, development of new fields and products, by the nation's defense needs, and by the ability of the area to provide the complete package: raw materials, power, adequate banking facilities, transportation, workers, climate, educational and other cultural facilities, and the environment in which to do the best work.

In the West of today is to be found in substantial form the same wide diversity of resources and elements which make for economic strength and stability of our country as a whole. Thus we have in these states a true cross section of the United States. It is an ideal territory in which to conduct a banking business.

As we review the activities of 1954 we are impressed with the fact that for the second time during the postwar years the American economy has experienced a recession and that for the second time our free enterprise system showed its basic strength and resiliency by overcoming the depressive forces. Equally impressive and encouraging is the fact that the fears, so often expressed, that a downturn in American business would have serious effects throughout the rest of the world, were not realized. Countries which have so long relied on American generosity were able to substantially improve their economic affairs with far less help from the American taxpayer. The upward movement of our country's business activity, which began during the latter part of 1954 and should continue in 1955, presages greater opportunities for the American people.


President


Chairman



50 YEARS OF GROWTH OF BANK OF AMERICA NT & SA

| Dec. 31 | Total Deposits | Capital | Surplus and Undivided Profits | Loans and Discounts | Investments in Securities | Total Resources | Number of Deposit Accounts | Number of Banking Offices in California |
|---------|----------------|--------------|-------------------------------|---------------------|---------------------------|-----------------|----------------------------|---|
| 1904 | \$ 134,413 | \$ 150,000 | \$ 1,024 | \$ 178,400 | \$ 34,446 | \$ 285,437 | ① | 1 |
| 1905 | 703,024 | 300,000 | 10,000 | 883,522 | 24,505 | 1,021,291 | ① | 1 |
| 1906 | 1,348,723 | 500,000 | 31,565 | 1,471,123 | 81,571 | 1,899,947 | ① | 1 |
| 1907 | 1,660,324 | 500,000 | 46,945 | 1,678,222 | ① | 2,221,347 | ① | 2 |
| 1908 | 1,728,899 | 750,000 | 78,673 | 1,669,567 | 57,884 | 2,574,005 | ① | 2 |
| 1909 | 2,929,495 | 750,000 | 90,820 | 2,445,137 | 266,628 | 3,817,218 | ① | 3 |
| 1910 | 5,348,151 | 1,000,000 | 150,000 | 4,159,459 | 858,547 | 6,539,861 | ① | 3 |
| 1911 | 7,129,456 | 1,000,000 | 201,649 | 4,885,974 | 1,638,000 | 8,379,347 | ① | 3 |
| 1912 | 9,916,018 | 1,000,000 | 251,437 | 7,092,823 | 1,846,769 | 11,228,815 | ① | 4 |
| 1913 | 14,226,242 | 1,250,000 | 330,390 | 10,282,785 | 2,406,706 | 15,882,912 | 42,378 | 7 |
| 1914 | 16,272,563 | 1,250,000 | 350,217 | 11,457,790 | 2,677,718 | 18,030,402 | 50,253 | 7 |
| 1915 | 20,474,873 | 1,250,000 | 374,244 | 12,970,068 | 5,084,363 | 22,321,861 | 58,854 | 7 |
| 1916 | 36,804,776 | 2,000,000 | 691,452 | 23,682,894 | 7,527,408 | 39,805,995 | 90,683 | 12 |
| 1917 | 72,044,729 | 3,000,000 | 1,100,000 | 47,004,189 | 13,308,177 | 77,473,153 | 141,298 | 19 |
| 1918 | 85,937,839 | 5,000,000 | 2,000,000 | 59,869,035 | 14,538,649 | 93,546,162 | 161,626 | 24 |
| 1919 | 127,258,626 | 6,000,000 | 2,500,000 | 74,737,335 | 33,855,881 | 137,900,700 | 189,511 | 24 |
| 1920 | 140,993,545 | 9,000,000 | 3,913,240 | 95,127,616 | 37,199,447 | 157,464,685 | 221,788 | 24 |
| 1921 | 177,867,611 | 10,000,000 | 5,036,948 | 116,911,735 | 43,499,682 | 194,179,450 | 291,994 | 41 |
| 1922 | 229,751,526 | 15,000,000 | 7,529,844 | 152,989,286 | 59,090,529 | 254,282,290 | 401,798 | 61 |
| 1923 | 276,548,879 | 15,000,000 | 8,616,832 | 200,505,931 | 56,543,859 | 301,963,478 | 485,136 | 75 |
| 1924 | 328,963,919 | 17,500,000 | 10,561,578 | 204,472,438 | 96,489,255 | 358,656,302 | 548,265 | 87 |
| 1925 | 389,433,241 | 17,500,000 | 13,474,173 | 228,793,066 | 121,678,890 | 422,838,587 | 595,032 | 98 |
| 1926 | 416,656,511 | 20,000,000 | 16,928,035 | 255,557,233 | 129,630,279 | 460,981,773 | 616,313 | 98 |
| 1927 | 645,002,138 | 37,500,000 | 25,540,829 | 403,864,139 | 238,856,707 | 765,188,977 | 1,083,303 | 289 |
| 1928 | 698,435,841 | 50,000,000 | 55,756,632 | 410,276,641 | 272,884,061 | 847,910,539 | 1,139,076 | 290 |
| 1929 | 893,892,733 | 50,000,000 | 58,251,159 | 541,617,718 | 246,538,740 | 1,055,113,373 | 1,444,090 | 292 |
| 1930 | 998,039,477 | 50,000,000 | 54,136,374 | 669,258,341 | 249,139,543 | 1,161,895,889 | 1,625,381 | 353 |
| 1931 | 749,796,772 | 50,000,000 | 54,290,312 | 548,431,954 | 237,965,856 | 925,150,152 | 1,542,783 | 346 |
| 1932 | 700,447,811 | 50,000,000 | 49,890,774 | 480,675,374 | 262,952,550 | 876,309,347 | 1,380,550 | 345 |
| 1933 | 767,817,646 | 50,000,000 | 49,591,605 | 458,693,566 | 311,084,996 | 941,001,838 | 1,357,224 | 345 |
| 1934 | 978,332,802 | 50,000,000 | 47,164,341 | 461,645,975 | 477,989,657 | 1,142,323,319 | 1,547,604 | 413 |
| 1935 | 1,155,265,465 | 50,000,000 | 50,867,307 | 451,009,354 | 622,694,559 | 1,277,419,381 | 1,677,558 | 421 |
| 1936 | 1,298,976,759 | 50,000,000 | 55,024,112 | 532,076,966 | 625,809,982 | 1,430,337,201 | 1,911,035 | 466 |
| 1937 | 1,357,378,756 | 50,000,000 | 59,104,964 | 630,668,811 | 553,131,379 | 1,493,373,095 | 2,123,057 | 491 |
| 1938 | 1,437,027,491 | 50,000,000 | 64,058,600 | 673,828,309 | 557,632,428 | 1,574,721,670 | 2,182,298 | 494 |
| 1939 | 1,482,791,676 | 50,000,000 | 66,845,842 | 711,054,697 | 604,268,671 | 1,628,586,278 | 2,268,843 | 495 |
| 1940 | 1,632,228,397 | 62,000,000② | 82,278,753 | 778,295,101 | 668,676,296 | 1,817,535,186 | 2,384,551 | 495 |
| 1941 | 1,908,383,921 | 60,800,000② | 83,634,808 | 914,569,553 | 693,113,910 | 2,095,635,619 | 2,538,783 | 495 |
| 1942 | 2,586,140,699 | 59,215,920② | 83,151,214 | 840,469,960 | 1,265,749,444 | 2,771,689,632 | 2,512,805 | 487 |
| 1943 | 3,498,153,210 | 58,102,920② | 87,051,168 | 810,660,642 | 2,095,432,722 | 3,697,912,675 | 2,743,231 | 488③ |
| 1944 | 4,350,539,688 | 68,085,560② | 140,779,201 | 894,436,931 | 2,740,064,364 | 4,609,124,133 | 3,054,803 | 491③ |
| 1945 | 5,339,307,098 | 108,085,560② | 117,155,495 | 1,018,741,456 | 3,533,172,278 | 5,626,063,927 | 3,316,494 | 493③ |
| 1946 | 5,415,849,715 | 106,646,375 | 130,235,547 | 1,722,743,513 | 2,882,151,377 | 5,765,525,193 | 3,619,925 | 500③ |
| 1947 | 5,467,199,162 | 106,646,375 | 150,525,936 | 2,492,979,739 | 2,170,721,906 | 5,845,817,669 | 3,815,802 | 508③ |
| 1948 | 5,639,523,419 | 106,646,375 | 172,872,255 | 2,807,070,398 | 1,945,231,719 | 6,072,913,872 | 3,978,403 | 517③ |
| 1949 | 5,775,110,029 | 127,975,650 | 177,868,961 | 2,804,522,646 | 2,322,505,622 | 6,250,402,352 | 4,120,523 | 525③ |
| 1950 | 6,191,705,871 | 150,000,000 | 244,822,146 | 3,256,953,558 | 2,243,415,017 | 6,863,358,214 | 4,374,838 | 526③ |
| 1951 | 6,815,866,795 | 150,000,000 | 257,218,390 | 3,632,685,350 | 2,439,510,645 | 7,531,296,927 | 4,832,147 | 529③ |
| 1952 | 7,485,116,184 | 150,000,000 | 269,076,801 | 4,069,150,471 | 2,413,852,775 | 8,201,689,369 | 5,276,315 | 538③ |
| 1953 | 7,744,200,096 | 150,000,000 | 286,267,820 | 4,148,713,734 | 2,531,605,621 | 8,501,761,722 | 5,581,697 (November 30) | 543③ |
| 1954 | 8,270,534,751 | 150,000,000 | 311,140,888 | 4,043,312,145 | 3,271,392,367 | 9,163,355,289 | 5,656,372 | 548③ |

① Not available.

② Includes Preferred Stock but does not include Reserve for Increase of Common Capital, which amounted to \$1,200,000 in 1941, \$2,784,080 in 1942, \$3,897,080 in 1943, and \$3,914,440 in 1944. This Reserve was not needed and was transferred to Undivided Profits on June 15, 1945, concurrently with the payment of a 6 2/3% stock dividend. During 1946, 400,327 shares of Preferred Stock (\$8,006,540 par value) were converted into 531,710 shares of Common Stock (\$6,646,375 par value), and the difference in par value, \$1,360,165, was credited to Surplus Account. The remaining shares of Preferred Stock, 3,951, were retired by call July 31, 1946.

③ In addition, the bank was operating 31 "Military Facilities" at December 31, 1943; 42 at December 30, 1944; 39 at December 31, 1945; 15 at December 31, 1946; 12 at December 31, 1947 and 1948; 17 at December 31, 1949; 21 at December 30, 1950; 25 at December 31, 1951; 31 at December 31, 1952; and 30 at December 31, 1953 and 1954.

